

**Schoolwide EXCERPT from**

**NON-REGULATORY GUIDANCE**

**TITLE I FISCAL ISSUES:**

**MAINTENANCE OF EFFORT  
COMPARABILITY  
SUPPLEMENT, NOT SUPPLANT  
CARRYOVER  
CONSOLIDATING FUNDS IN SCHOOLWIDE PROGRAMS  
GRANTBACK REQUIREMENTS**



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## **PURPOSE OF THIS GUIDANCE**

This non-regulatory guidance updates section E of the Title I fiscal issues guidance released in May 2006 and addresses consolidating funds in schoolwide programs. In addition to revising the introduction to section E, this guidance adds several new questions that clarify the purpose for consolidating funds in a schoolwide program, provides more detail on what it means to consolidate funds in a schoolwide setting, and describes how an LEA might account for State, local, and Federal funds that are consolidated in a schoolwide program. This guidance does not impose any requirements beyond those that the law specifies. Any requirements referred to in this guidance are taken directly from the statute and the Title I regulations, with citations provided throughout. The examples shown in this revised guidance illustrate possible ways to account for Federal funds in a schoolwide setting and do not constitute endorsement of the processes shown or imply that there is a requirement to use those processes. The guidance in this document supersedes all prior non-regulatory guidance issued by the Department concerning Title I fiscal issues

### **Summary of New and Revised Items**

The following are new questions that were not in the May 2006 guidance: E-1, E-2, E-3, E-4, E-5, E-6, E-7, E-8, E-11, E-16, E-19, and E-25. Additionally, E-3 provides three examples of procedures to account for funds that have been consolidated. The remaining questions have not changed but have a new numbers: E-9, E-10, E-12, E-13, E-14, E-15, E-17, E-18, E-20, E-21, E-22, E-23, E-24.

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## E. CONSOLIDATING FUNDS IN SCHOOLWIDE PROGRAMS

### Introduction

Section 1114 of Title I of the ESEA allows a school in which 40 percent or more of its students are from low-income families to use its Title I funds, along with other Federal, State, and local funds, to operate a schoolwide program to upgrade the entire educational program in the school to improve the academic performance of all students, particularly the lowest-achieving students. *[Section 1114(a)(1)]* To operate a schoolwide program, a school must conduct a comprehensive needs assessment of the entire school and, using data from the needs assessment, develop a comprehensive plan that meets the requirements of the ESEA and §200.27 of the Title I regulations. *[Section 1114(b); 34 CFR 200.27]* A school operating a schoolwide program is not required to identify specific students as eligible to participate in the schoolwide program, or to demonstrate that the services provided with Title I funds are supplemental to services that would otherwise be provided. *[Section 1114(a)(2)]* This is in contrast to a targeted assistance program, in which Title I funds may be used only for supplementary educational services for children identified as being most at risk of not meeting State standards. *[Section 1115(a)]*

The underlying purpose of the schoolwide approach is to enable schools with high numbers of at-risk children to integrate the services they provide to their children from Federal, State, and local resources. A growing body of evidence shows that it is possible to create schools where all of the students achieve high standards even when most are poor or disadvantaged. Such schools are most likely to be effective if they can make significant changes in the way they deliver services. By making systemic changes that knit together services funded from all sources into a comprehensive framework, schools will have a better chance of increasing the academic success of all their students.

A schoolwide program school may consolidate funds from Federal, State, and local sources to implement the school's comprehensive plan to upgrade its entire educational program. *[Section 1114(a)(1)]* In consolidating State and local funds with funds from Title I, Part A and most other Federal elementary and secondary programs administered by the Department, a schoolwide program school does not need to meet most of the statutory and regulatory requirements of the Federal programs included in the consolidation as long as it meets the intent and purposes of those programs. *[Section 1114(a)(3)(A)-(B)]* Moreover, the school is not required to maintain separate fiscal accounting records by program that identify the specific activities supported by those particular funds in order to demonstrate that the activities are allowable under the program. *[Section 1114(a)(3)(C)]* Each school, however, must identify the specific programs being consolidated, and the amount each program contributes to the consolidation *[Section 1114(b)(2)(A)(iii)]*, and maintain records that demonstrate that the schoolwide program addresses the intent and purposes of each of the Federal programs whose funds are being consolidated to support the schoolwide program. *[Section 1114(a)(3)(C)]* Each SEA must encourage schools to consolidate funds from Federal, State, and local sources in their schoolwide programs and must eliminate State fiscal and accounting barriers so that these funds can be more easily consolidated. *[Section 1111(c)(9)-(10); see generally 34 CFR 200.29]*

## Questions and Answers on Consolidating Funds in Schoolwide Programs

### Consolidating Funds

#### **E-1. What are the purpose and benefits of consolidating Federal, State, and local funds in a schoolwide program?**

The purpose of consolidating funds is to help a schoolwide program school effectively design and implement a comprehensive plan to upgrade the entire educational program in the school based on the school's needs identified through its comprehensive needs assessment. (See "Designing Schoolwide Programs" non-regulatory guidance at <http://www.ed.gov/policy/elsec/guid/designingswpguid.doc> for information on conducting a comprehensive needs assessment, designing quality plans, and annually evaluating the program's success.) By consolidating funds from Federal, State, and local sources, a schoolwide program school can address its needs using *all* of the resources available to it. This gives a school more flexibility in how it uses available resources to meet the specifically identified needs of its students.

Consolidating Federal funds in a schoolwide program has other advantages, too.

- Consolidating Federal funds eases the requirements for accounting for funds from each specific program separately, because a schoolwide school is not required to distinguish among funds received from different sources when accounting for their use. Therefore, a school is not required to maintain separate fiscal accounting records, by Federal program, that identify the specific activities supported by each program's funds in order to demonstrate that those activities are allowable under the program. *[Section 1114(a)(3)(C)]*
- A school that consolidates Federal funds in its schoolwide program is not required to meet most of the statutory and regulatory requirements of the specific Federal programs included in the consolidation. However, the school must ensure that it meets the intent and purposes of the Federal programs included in the consolidation so that the needs of the intended beneficiaries are met. (See E-8 through E-10.) *[Section 1114(a)(3); 34 CFR 200.29(a), (b), (d)]*

#### **E-2 What does it mean to consolidate funds, including Title I, Part A funds, in a schoolwide program?**

Consolidating funds in a schoolwide program means that a school treats the funds it is consolidating like they are a single "pool" of funds. In other words, the funds from the contributing programs in the school lose their individual identity and the school has one flexible pool of funds. The school uses funds from this consolidated schoolwide pool to support any activity of the schoolwide program without regard to which program contributed the specific funds used for a particular activity. A schoolwide school must identify in its schoolwide plan which programs are included in its consolidation and the

amount each program contributes to the consolidated schoolwide pool. [Section 1114(b)(2)(A)(iii)]

Keep in mind that an LEA must ensure that such a school meets the supplement not supplant requirement as it relates to a schoolwide program, *i.e.* each school operating a schoolwide program must receive all the State and local funds it would otherwise receive to operate its educational program in the absence of Title I, Part A or other Federal education funds. (See E-17.) [Section 1114(a)(2)(B)]

In accounting for expenditures from funds included in a consolidated schoolwide pool, an LEA has a number of options. See E-3 for several ways this can be done. In each of these methods, the common denominator is that consolidated funds are not tracked to specific activities allowable under a particular program.<sup>1</sup>

**E-3 Are there examples of procedures SEAs can establish that enable an LEA with schools operating schoolwide programs to account for funds that have been consolidated?**

Yes. The examples on the next pages illustrate several ways for how an LEA may account for funds in a schoolwide consolidation.

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<sup>1</sup> As Options 1 and 2 in Example 2 illustrate, an LEA does not literally need to combine funds in a single account or pool with its own accounting code. Rather, the word “pool” is used conceptually to convey that a schoolwide program school has the use of all consolidated funds available to it for the dedicated function of operating a schoolwide program without regard to the identity of those funds.

## EXAMPLE 1:

In this example, an SEA creates, through its electronic consolidated funding application system, a process that allows an LEA to list the program funds each school plans to consolidate in its schoolwide program. This enables the LEA to create a consolidated schoolwide pool, with its own accounting code, for all of the schools operating a schoolwide program. The program funds distributed to a school operating a schoolwide program that are included in the consolidation lose their identity and may be used for any activity consistent with the school's schoolwide plan.

As illustrated in Chart A below, an LEA determines for each of its Title I schools operating a schoolwide program how much each program included in its schoolwide program contributes to the consolidated schoolwide pool. As each of its schoolwide schools spends money for activities to support its schoolwide plan, the LEA draws down funds and charges them to each program contributing to the consolidated schoolwide pool based on the proportionate shares shown. For example, because Title I, Part A contributed 8 percent of the funds to the consolidated schoolwide pool, the LEA would know that 8 percent of the expenditures made from the consolidated schoolwide pool for all its schoolwide schools should be attributed to Title I, Part A. Note that any Federal funds not included in the consolidated schoolwide pool must be accounted for separately.

*Chart A*

Programs Contributing Funds to the Consolidated Schoolwide Pool						
School Building	Federal Funds				State and Local Funds	Total for Each Building
	Title I - A Disadvantaged	Title II-A Improving Teacher Quality	Title IV-A Safe and Drug Free Schools	IDEA- B		
A	\$182,535	\$25,000	\$10,685	\$94,462	\$2,048,115	\$2,360,797
B	115,455	25,000	20,071	27,709	1,380,884	1,569,119
C	181,780	25,000	23,686	69,272	1,940,161	2,239,899
D	141,900	110,437	22,351	93,202	1,999,902	2,367,792
E	229,460	110,437	27,546	61,715	1,936,291	2,365,449
F	169,860	110,437	23,796	54,158	1,525,307	1,883,558
Total Funds LEA Distributes to Individual Schools	1,020,990	406,311	128,135	400,518	10,830,660	12,786,614
Percent of Total	8%	3%	1%	3%	85%	100%

The first line of the table reads: School A contributes \$182,535 in Title I-A funds, \$25,000 in Title II-A funds, \$10,685 in Title IV-A funds, \$94,462 in IDEA-B funds, and \$2,048,115 in State and local funds to the consolidated schoolwide pool within the LEA.

Although programs consolidated in a schoolwide setting lose their identity and LEAs are not required to track expenditures by specific program, State accounting guidelines generally require that an LEA be able to identify expenditures for the entire consolidated schoolwide pool by functional categories like salaries, travel, and supplies, etc.<sup>2</sup> However, an LEA would not be required to track how much it spends on salaries, for example, back to a specific program included in the consolidated schoolwide pool.

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<sup>2</sup> An LEA would account for indirect costs for all Federal programs on a district basis in accordance with §§75.560 through 75.563 of EDGAR before allocating Federal funds to individual schools for consolidation, where applicable, in a schoolwide pool.

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## EXAMPLE 2:

This example looks at a single school. Here an LEA establishes a consolidated schoolwide pool from which a schoolwide building uses all or a portion of the Federal, State, and local funds it receives to support its schoolwide activities consistent with its schoolwide plan. Although the program funds included in the consolidated schoolwide pool lose their identity and may be used for any activity consistent with the school's schoolwide plan, the LEA, for accounting purposes, still attributes expenditures of those funds back to a specific program regardless of what services those funds support. An LEA may use any reasonable method to demonstrate that the funds in a schoolwide program have been expended. Two options are illustrated below:

### Option 1 – Distribution of Expenditures Based on Revenues

A building has a schoolwide program with a total of \$1,000,000 in revenues from the programs shown in Chart A below:

**Chart A**

Source of Funds	Revenues	Percent of Total	Expenditures
Total	\$1,000,000	100.0%	\$950,000
State and Local Funds (included in schoolwide program)	520,000	52.0%	494,000
Federal Programs (included in schoolwide program)			
Title I, Part A	240,000	24.0%	228,000
Title II, Part A -- Improving Teacher Quality	40,000	4.0%	38,000
IDEA Part B (Special Education) *	50,000	5.0%	47,500
Title V, Part A	70,000	7.0%	66,500
Carl D. Perkins Career and Technical Education Act	80,000	8.0%	76,000

The first two lines of the table read: Of the \$1,000,000 included in the consolidated schoolwide pool for the school building, \$520,000 (52 percent) is from State and local sources and \$240,000 (24 percent) is from Title I, Part A. Thus, 52 percent (\$494,000) of the expenditures are attributed to State and local sources and 24 percent (\$228,000) to Title I, Part A.

\* See response in E-10 concerning how a schoolwide program may consolidate funds received under Part B of IDEA.

In this option, the LEA allocates all building schoolwide program expenditures based on the proportion of program revenues coming into the building and budgeted for schoolwide activities. Expenditures are allowable without regard to whether they support the program that generated the funds so long as they are incurred to support the schoolwide program plan.

Like the first example, although programs consolidated in a schoolwide setting lose their identity and LEAs are not required to track expenditures by specific program, State accounting guidelines generally require that an LEA be able to identify expenditures for the entire schoolwide consolidated pool by functional categories such as salaries, travel, and supplies, etc.<sup>3</sup> However, an LEA would not be required to track how much it spent on salaries, for example, back to a specific program included in the consolidated schoolwide pool.

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<sup>3</sup> An LEA would account for indirect costs for all Federal programs on a district basis in accordance with §§75.560 through 75.563 of EDGAR before allocating Federal funds to individual schools for consolidation, where applicable, in a schoolwide pool.

## **Option 2 – Sequence Charging of Schoolwide Expenditures**

Another option is for an LEA to charge 100 percent of all employee and non-employee schoolwide expenditures in a school building first to State and local sources and then to Title I, Part A and other Federal programs until these funds are spent in their entirety or until the maximum carryover amount is all that remains unexpended. The chart below uses the figures from Option 1 to illustrate how sequence charging might work.

Source of Funds	Revenues	Total Expenditures (\$950,000) Charged to Federal, State, and Local Programs	Amount Remaining
Total Included in Schoolwide Consolidated Pool	\$1,000,000		
State and Local Sources	520,000	- \$520,000	
Title I, Part A	240,000	- 240,000	
Title II, Part A -- Improving Teacher Quality	40,000	- 40,000	
IDEA Part B (Special Education) *	50,000	- 50,000	
Title V, Part A	70,000	- 70,000	
Carl D. Perkins Career and Technical Education Act	80,000	- 30,000	50,000

This table reads: Of the \$950,000 expended from the consolidated schoolwide pool for the school building, the first \$520,000 in expenses is charged to State and local sources; the next \$240,000 is charged to Title I, Part A; and the next \$40,000 is charged to Title II, Part A. \$50,000 remain available for expenditure in the following year from the Carl D. Perkins Career and Technical Education Act program.

\* See response in E-10 concerning how a schoolwide program may consolidate funds received under Part B of IDEA.

An LEA may attribute employee and non-employee expenditures to particular fund sources without regard to whether they actually support the fund source so long as the expenditures incurred support the schoolwide program plan. Like the other examples, although programs consolidated in a schoolwide setting lose their identity and an LEA is not required to track expenditures by specific program, State accounting procedures generally require that an LEA be able to identify expenditures for the entire consolidated schoolwide pool by functional categories such as salaries, travel, and supplies, etc. However, an LEA would not be required to track how much it spent on salaries, for example, back to a specific program included in the consolidated schoolwide pool.

**E-4 May a schoolwide program school consolidate only its Federal funds?**

Yes, although this practice may not be as effective as when a school consolidates Federal, State, and local funds because it does not give the school the flexibility to use all of its available resources to meet the identified needs of its students.

In this situation, the school would consolidate its Title I, Part A funds and funds from other Federal education programs included in its comprehensive schoolwide program plan into a single Federal consolidated schoolwide pool. From an accounting perspective, the funds from the contributing Federal programs lose their individual identity when they become part of a consolidated schoolwide pool and would be accounted for as part of that pool rather than by the individual programs that contribute to the consolidated schoolwide pool. Practices similar to those illustrated in E-3 may be used to account for funds consolidated into a Federal consolidated schoolwide pool. When Federal funds are consolidated, the schoolwide program school does not need to meet most of the statutory and regulatory requirements of the Federal programs included in the consolidation as long as it meets the intent and purposes of those programs. The school and LEA must be able to demonstrate, however, that the intent and purposes of the Federal programs whose funds are consolidated are met. *[Section 1114(a)(3)(A) and (C)]*

**E-5 On what activities in a schoolwide program may consolidated Federal funds, including Title I, Part A funds, be used?**

According to the purpose of a schoolwide program, Title I, Part A funds, as well as other Federal, State, and local funds, may be used to upgrade the “educational program” of the school. *[Section 1114(a)(1)]* The school’s comprehensive schoolwide program plan must describe how it will upgrade its educational program based on data derived from its comprehensive needs assessment regarding the achievement of children in the school relative to the State’s academic content and achievement standards. Strategies for upgrading a school’s educational program must include instructional strategies based on scientifically based research that strengthen the core academic program, increase the amount and quality of learning time, and address the needs of the lowest-achieving children as well as strategies to attract and retain highly qualified teachers, to provide high-quality professional development, and to increase parental involvement. *[Section 1114(b)]* Accordingly, Title I, Part A funds and other consolidated Federal funds must be used to address the specific educational needs of the school identified by the needs assessment and articulated in the comprehensive plan. Use of those funds is governed by the cost principles in Office of Management and Budget (OMB) Circular A-87 available at [http://www.whitehouse.gov/omb/circulars/a087/a87\\_2004.html](http://www.whitehouse.gov/omb/circulars/a087/a87_2004.html).

**E-6 If all the Title I, Part A schools in an LEA operate schoolwide programs, may the LEA consolidate funds it is required to reserve under Title I, Part A and other Federal programs into one district-wide pool?**

No. Consolidation of funds in schoolwide programs applies only to programs at the school building level in accordance with a school's schoolwide plan. An LEA must, therefore, still set aside Title I, Part A funds specifically required for homeless children, children in locally operated institutions for neglected children, parental involvement, choice-related transportation and supplemental educational services, and professional development as required by law and must account for the Title I funds it spends on those activities. The LEA must then allocate the remaining funds to schools in accordance with section 1113 of the ESEA and §200.78 of the Title I regulations.

**E-7 If a school operating a schoolwide program does not consolidate its Title I, Part A funds with other Federal, State, and local funds, what activities may Part A funds support?**

As discussed in E-5, the purpose of a schoolwide program is to upgrade the "educational program" of a school as reflected in a comprehensive schoolwide program plan based on data from a comprehensive needs assessment. [Section 1114(a)(1)] Accordingly, Part A funds must be used to address specific educational needs of the school identified by the needs assessment and articulated in the plan. All children in the school may participate in activities funded with Title I, Part A funds (consistent with the school's comprehensive schoolwide program plan), and the school does not need to demonstrate that those activities are supplemental to ones that would otherwise be provided by the school. [Section 1114(a)(2)(A)] Use of Title I, Part A funds in this situation would be governed by the cost principles in OMB Circular A-87. Because Title I, Part A funds are not consolidated with other Federal, State, and local funds, the school and LEA must account for and track the Title I, Part A funds separately, identifying the activities that the Part A funds support.

**E-8 May Title I, Part A funds in a schoolwide program school be used for basic operational expenses such as building maintenance and repairs, landscaping, and custodial services?**

As discussed in E-5, Title I, Part A funds (as well as consolidated Federal funds) must be used to address the educational needs of a school identified by the needs assessment and articulated in the comprehensive plan. [Section 1114(a)(1)] Accordingly, they may not be used for non-educational activities such as building maintenance and repairs, landscaping, and custodial services.

When Title I, Part A funds are consolidated with State and local funds as described in E-2 and E-3, they lose their identity; thus, it is impossible to know on what specific activities Part A funds are spent. However, to meet the supplement not supplant requirement as it relates to a schoolwide program, an LEA must ensure that each school operating a schoolwide program receives all the State and local funds it would otherwise need to operate in the

absence of Federal funds [Section 1114(a)(2)(B)], including State and local funds necessary to provide for routine operating expenses such as building maintenance and repairs, landscaping and custodial services. Thus, even though Title I, Part A funds are included in the consolidated pool of resources available to the school that may support, for example, building maintenance and repair, landscaping, or custodial services, there must also be sufficient State and local funds in that consolidated pool to cover non-educational activities.

**E-9. Which Federal education program funds may be consolidated in a schoolwide program?**

Except as noted below, the Secretary has authorized a schoolwide program school to consolidate funds from any Federal education program administered by the Secretary whose funds can be used to carry out activities that support students enrolled in a public elementary or secondary school. (See 69 FR 40360-64 (July 2, 2004), Notice of authorization and exemption of schoolwide programs. The notice is available on ED's website at <http://www.ed.gov/legislation/FedRegister/other/2004-3/070204a.html>.) This authority also extends to services, materials, and equipment purchased with those funds and provided to a schoolwide program school.

A school that operates a schoolwide program may **NOT** consolidate funds under Subpart 1 of Part B of Title I of the ESEA (Reading First), which establishes reading programs for students in kindergarten through grade 3.

Within the general schoolwide consolidation authority, a schoolwide program school may consolidate funds received under the following programs only as outlined below:

- Migrant Education. Consistent with section 1306(b)(4) of Title I and 34 CFR 200.29(c)(1), before a school operating as a schoolwide program consolidates funds received under Part C of Title I, of the ESEA for the education of migratory children, the school, in consultation with parents of migratory children or organizations representing those parents, or both, must first meet the unique educational needs of migratory children that result from the effects of their migratory lifestyle and those other needs that are necessary to permit those students to participate effectively in school, and must document that these needs have been met.
- Indian Education. Consistent with section 7115(c) of the ESEA and 34 CFR 200.29(c)(2), a school operating as a schoolwide program may consolidate Indian education funds received under Subpart 1 of Part A of Title VII of the ESEA only if the parent committee established by the LEA to help develop the Indian education program under section 7114(c)(4) of the ESEA approves the inclusion of those funds.
- Individuals with Disabilities Education Act. See response to E-10.

**E-10. May a schoolwide program school consolidate funds it receives under the Individuals with Disabilities Education Act (IDEA)?**

Yes. Consistent with section 613(a)(2)(D) of the IDEA and 34 CFR 200.29(c)(3), a school that operates as a schoolwide program may consolidate funds received under Part B of the IDEA. However, the amount of funds consolidated may not exceed the amount received by the LEA under Part B of the IDEA for that fiscal year, divided by the number of children with disabilities in the jurisdiction of the LEA, and multiplied by the number of children with disabilities participating in the schoolwide program. A school may also consolidate funds it receives for students with disabilities under section 8003(d) of the ESEA. A school that consolidates funds under Part B of the IDEA or section 8003(d) of the ESEA may use those funds in its schoolwide program for any activities under its schoolwide program plan but must comply with all other requirements of Part B of the IDEA to the same extent as it would if it did not consolidate funds under Part B of the IDEA or section 8003(d) of the ESEA in the schoolwide program.

**E-11 May individual schools operating schoolwide programs in an LEA include different programs in their schoolwide consolidations?**

Yes. The programs included in a school's schoolwide plan may vary from school to school depending on the content of the school's schoolwide plan and the specific Federal funds an LEA actually allocates to the school.

**E-12. May a schoolwide program school consolidate funds it receives from discretionary grant programs?**

In general, a schoolwide program school may consolidate funds it receives from discretionary (competitive) grants as well as from formula grants, except for Reading First. (See 69 FR 40360-64 (July 2, 2004).) However, if a school operating a schoolwide program consolidates funds from discretionary grant programs, the school must still carry out the activities described in the application under which the funds were awarded. However, a schoolwide program school does not need to account separately for specific expenditures of the consolidated discretionary grant funds.

Although not required, it is preferable that the applicant LEA or school indicate in its application for discretionary funds that some or all of the funds would be used to support a schoolwide program and describe its activities accordingly. Moreover, if authorized by the program statute, the Department or an SEA could include in its selection criteria for a particular program extra points for conducting activities in a schoolwide program school. For example, an SEA could include such points when awarding subgrants under the Even Start Family Literacy program, which requires an SEA to give priority to applicants that target services to families in need of family literacy services residing in areas with high levels of poverty, illiteracy, or other such need-related factors, including projects that would serve a high percentage of children who reside in participating areas under Part A.

Specific examples illustrating how schoolwide program schools could consolidate and use discretionary grant funds by carrying out the activities described in the application under which the funds were awarded are provided in 69 FR 40360-64 (July 2, 2004), Notice of authorization

and exemption of schoolwide programs. This notice is available on ED's website at <http://www.ed.gov/legislation/FedRegister/other/2004-3/070204a.html>.

**E-13. The July 2, 2004 Federal Register notice states that it is permissible for a schoolwide program school to consolidate the Title I, Part D (prevention and intervention programs for children and youth who are neglected, delinquent, or at-risk) funds it receives. Part D consists of two programs. Subpart 1 authorizes the State Agency Neglected and Delinquent program, and Subpart 2 authorizes the Local Agency program. Which of these programs may a schoolwide program school consolidate with other Federal, State, and local funds?**

Title I, Part D, Subpart 2 funds support the operation of programs in LEAs with high numbers or percentages of children and youth residing in locally operated correctional facilities for children and youth, including facilities involved in community day programs designed to—

- Carry out high-quality education programs to prepare children and youth for secondary school completion, training, employment, or further education;
- Provide activities to facilitate the transition of such children and youth from the correctional program to further education or employment; and
- Operate programs in local schools for children and youth returning from correctional facilities, and programs that may serve at-risk children and youth. *[Section 1421]*

If a schoolwide program school receives these funds, it may consolidate them with other Federal funds.

The Title I, Part D, Subpart 1 (State Agency Neglected and Delinquent) funds are distributed to State agencies and are, therefore, not subject to consolidation in a schoolwide program. Section 1416 of Title I, Part D, Subpart 1, however, provides for a State agency to operate institution-wide projects.

#### Meeting Intent and Purposes

**E-14. How may a school that is operating a schoolwide program meet the intent and purposes of the programs for which it consolidates funds?**

A school that consolidates and uses, in a schoolwide program, funds from any other Federal education program administered by the Secretary, except Reading First, is not required to meet most statutory or regulatory requirements of the program applicable at the school level, but must meet the intent and purposes of that program to ensure that the needs of the intended beneficiaries are met. The school must be able to demonstrate that its schoolwide program contains sufficient resources and activities to reasonably address the intent of the included programs, particularly as they relate to the lowest-performing students. *[Section 1114(a)(3)(C); 34*

CFR 200.29(a) and (b)]

For specific examples of how a schoolwide program school may meet the intent and purposes of certain Federal programs see 69 Fed. Reg. 40360-64 (July 2, 2004), Notice of authorization and exemption of schoolwide programs, available at <http://www.ed.gov/legislation/FedRegister/other/2004-3/070204a.html>.

## Record Keeping

### **E-15. What fiscal record-keeping requirements apply to an LEA or a school with respect to Federal funds that are consolidated in a schoolwide program?**

A school operating a schoolwide program that consolidates, in a consolidated schoolwide pool, funds from Federal education programs administered by the Secretary, including Title I, Part A, with State and local funds is not required to maintain separate fiscal accounting records, by program, that identify the specific activities supported by those program funds. The school must, however, maintain records that demonstrate that the schoolwide program, considered as a whole, addresses the intent and purposes of each of the Federal education programs whose funds were consolidated to support it. [Section 1114(a)(3)(C)]

There may be reasons why an LEA would want or need to know the amount of funds from a given Federal education program that was expended under the single consolidated schoolwide pool. For example, Title I, Part A and Title IV, Part A have limitations on the amount of funds that may be carried over to the succeeding fiscal year. (See E-21.) Similarly, an SEA may want to recoup any unexpended State funds to demonstrate that Federal funds in a consolidated schoolwide pool have been expended. For example, the LEA could allocate expenditures of Federal funds consolidated in a schoolwide program school in proportion to the amount of funds allocated to the school under a given Federal program.

If an LEA only consolidates Federal funds, including Title I, Part A funds, in a consolidated schoolwide pool, the LEA must keep records that demonstrate that the Federal funds, including Title I, Part A funds, are used to support activities that address specific educational needs of the school identified by the school's comprehensive needs assessment and are articulated in the schoolwide program plan. (See E-5.) These records do not need to identify, by program, the specific activities supported by those program funds. However, the LEA must be able to demonstrate that each schoolwide program contains sufficient resources and activities to reasonably address the intent and purposes of each of the consolidated Federal programs, particularly as they relate to the lowest-performing students. (See E-14.) [Section 1114(a)(3)(C)]

If an LEA includes Title I, Part A funds without consolidating them, it must maintain records to demonstrate that the Title I, Part A funds are used to support activities that address specific educational needs of the school identified by the school's comprehensive needs assessment and that are articulated in the schoolwide program plan. (See E-5.)

*[Section 1114(a)(1)]* The LEA, however, does not need to demonstrate that those activities benefit specific students or that the activities are supplementary to those the schoolwide program school would otherwise provide. *[Section 1114(a)(2)(A)]*

**E-16. If an LEA consolidates Federal, State, and local funds into a consolidated schoolwide pool, and the LEA, for example, must return unspent State funds, how would the LEA distinguish unspent State funds that remain at the end of the year from Federal funds that have been combined in a consolidated schoolwide pool?**

In a school that has consolidated funds, it is important that an LEA maintain records that enable it to know the amounts of funds from Federal, State, and local sources that the LEA allocates to the school and that are combined in the consolidated schoolwide pool. The LEA could then apportion any unspent funds at the end of the year based on the percent of funds contributed to the pool from each source.

**E-17. How does an LEA document employee time and effort in schools that operate schoolwide programs?**

Generally, Attachment B.8.h(3) of OMB Circular A-87, which contains government-wide cost principles that apply to the use of Federal funds by State and local governments and Federally recognized Indian tribal governments, provides that charges for the wages or salary of an employee who works solely on a single Federal program or cost objective must be supported by periodic certifications that the employee worked solely on that program or cost objective. These certifications must be prepared at least semi-annually and must be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee. If an employee works on multiple activities or cost objectives, Attachment B.8.h(4), (5), and (6) require the employee to prepare personnel activity reports or equivalent documentation to support a distribution of his or her salary or wages among the Federal programs or cost objectives.

Application of the OMB Circular A-87 requirements to employees in a school operating a schoolwide program varies under different circumstances. For example:

1. If a school operating a schoolwide program consolidates Federal, State, and local funds under section 1114(a)(3) in a consolidated schoolwide pool (see E-2), an employee who is paid with funds from that pool is not required to file a semi-annual certification. Because Federal funds are consolidated with State and local funds in a single consolidated schoolwide pool, there is no distinction between staff paid with Federal funds and staff paid with State or local funds.
2. If a school operating a schoolwide program does not consolidate Federal funds with State and local funds in a consolidated schoolwide pool, an employee who works, in whole or in part, on a Federal program or cost objective must meet the OMB Circular A-87 requirements as follows:

- (a) An employee who works solely on a single cost objective (i.e., a single Federal program whose funds have not been consolidated or Federal programs whose funds have been consolidated but not with State and local funds) must furnish a semi-annual certification that he/she has been engaged solely in activities supported by the applicable source in accordance with OMB Circular A-87, Attachment B, paragraph 8.h(3).
- (b) An employee who works on multiple activities or cost objectives (i.e., in part on a Federal program whose funds have not been consolidated in a consolidated schoolwide pool and in part on Federal programs supported with funds that have been consolidated in a pool or on activities funded from other revenue sources) must maintain time and effort distribution records in accordance with OMB Circular A-87, Attachment B, paragraph 8.h(4), (5) and (6). The employee must document the portion of time and effort dedicated to:
  - (1) The Federal program; and
  - (2) Each program or other cost objective supported by either consolidated Federal funds or other revenue sources.

General Fiscal Questions

**E-18. How can a schoolwide program demonstrate that it supplements, and does not supplant, State and local funds?**

In a schoolwide program, Title I, Part A funds and other Federal education program funds may be used only to supplement the total amount of funds that would, in the absence of Federal funds, be made available from non-Federal sources for that school, including funds needed to provide services that are required by law for children with disabilities and children with limited English proficiency. *[Section 1114(a)(2)(B)]*

It is generally an LEA’s responsibility, and not a school’s, to ensure that the “supplement not supplant” requirement is met and that a schoolwide program school receives all the State and local funds it would receive were it not a Title I schoolwide program school. In other words, an LEA may not reduce its allocation of State and local funds and resources to a schoolwide program school because the school receives Federal funds to operate a schoolwide program. An LEA should be able to demonstrate, through its regular procedures for distributing funds and resources, that it distributes State and local funds fairly and equitably to all its schools—including schoolwide program schools—without regard to whether those schools are receiving Federal education funds.

A schoolwide program school is not expected to keep records of the particular services paid for with Federal education funds that are used in the schoolwide program, nor is it required to demonstrate that any particular service supplements the services regularly provided in that school. *[Section 1114(a)(2)(A)]*

**E-19. How can an LEA determine whether a school operating a schoolwide program is comparable with non-Title I schools when staff and funding resources from State and local sources are combined with Federal resources and there is no requirement to track Federal funds separately?**

See the response to B-6 in the comparability section on page 33 of this guidance.

**E-20. When an LEA calculates whether it has maintained fiscal effort, it excludes expenditures from Federal funds. If a schoolwide program can consolidate Federal education funds, and those funds “lose their program identity,” how can the LEA determine the amount of Federal expenditures to exclude in calculating maintenance of effort?**

In calculating whether it has maintained effort, an LEA could allocate expenditures of Federal funds in a schoolwide program in proportion to the amount of Federal funds provided to the schoolwide program. For example, if Federal programs contributed 25 percent of the funds in a schoolwide program, the LEA would consider 25 percent of the funds expended in the schoolwide program to be Federal funds that the LEA would then exclude from its maintenance of effort determination. An LEA may also use other reasonable methods.

**E-21. Some programs have limitations on the use of funds for certain activities within the program. For example, section 4115(c)(1) of Title IV (Safe and Drug-Free Schools) limits expenditures for certain activities (supporting "safe zones of passage," acquiring and installing metal detectors, and hiring security personnel) to not more than 40 percent of the funds made available to an LEA under Part A, Subpart 1 of Title IV. How does this limitation apply in the following scenarios?**

**(a) Calculating the amount of the cap. If some Title IV funds are consolidated in a schoolwide program and, therefore, lose their identity as Title IV funds, are those funds included in the base on which the LEA calculates the 40 percent cap?**

Yes. Section 4115(c)(1) of Title IV limits the expenditure of funds for the activities described above to not more than 40 percent of the funds made available to the LEA under Title IV, Part A, Subpart 1 in a given fiscal year. We interpret this language to mean the allocation of Title IV, Part A, Subpart 1 funds an LEA receives from the Federal appropriation for that program in a given fiscal year. Thus, the amount of the 40 percent cap is calculated on the basis of an LEA's full Title IV, Part A, Subpart 1 allocation, regardless of whether Title IV funds are being used in a schoolwide program or in a categorical drug-free program.

- (b) **Exceeding the cap. If Title IV funds are consolidated in a schoolwide program and the schoolwide program school spends funds for the activities described above, are those expenditures considered in determining whether the Title IV cap has been exceeded?**

No. Title IV funds lose their specific program identity when they are consolidated in a schoolwide program.

**E-22. At least two Federal education programs limit the amount of funds that may be carried over to the subsequent fiscal year. Section 1127(a) of Title I prohibits an LEA from carrying over more than 15 percent of the amount of funds allocated to it for any fiscal year under Part A. Similarly, section 4114(a)(3)(B) of Title IV (Safe and Drug-Free Schools) prohibits an LEA from carrying over more than 25 percent of the allocation it receives under Title IV for that fiscal year unless approval to carry over a greater amount is given by the SEA. How are the amounts of these caps calculated in the following scenarios?**

- (a) **If funds from other Federal education programs are consolidated in a schoolwide program, are those funds included in the base on which Title I, Part A's 15 percent carryover cap is calculated?**

No. The 15 percent cap on carryover funds under Title I, Part A is calculated only on the allocation an LEA receives under Part A in a given fiscal year.

- (b) **If funds from a program with a cap on carryover (e.g., Title I, Part A and Title IV, Subpart 1) are consolidated in a schoolwide program, are those funds still included in the base on which the respective cap is calculated?**

Yes. Under section 1127 of Title I of the ESEA, an LEA may carry over not more than 15 percent of the funds allocated to the LEA under Part A, subpart 2. Thus, all Part A, Subpart 2 funds an LEA receives, whether used in schoolwide or targeted assistance schools, would be included in the base for calculating the 15 percent cap. Similarly, under section 4114(a)(3)(B) of Title IV, Title IV funds combined in a schoolwide program would be included in the base in calculating the 25 percent cap on carryover, because they would be part of the Title IV allocation an LEA receives.

**E-23. An SEA must exclude expenditures by its LEAs of Federal funds under Title I and Title V, Part A of the ESEA in calculating "current expenditures" for the purpose of determining the State per pupil expenditure (SPPE). If a schoolwide program school consolidates Title I and Title V, Part A funds and they thus lose their specific program identity, how can the LEA determine its expenditures of those funds so that the SEA may exclude them in calculating SPPE?**

To determine its expenditures under Title I and Title V, Part A in a schoolwide program school, an LEA could calculate the percentage of funds that Title I and Title V, Part A

contributed to the schoolwide program, and then apply those percentages to the total expenditures in the schoolwide program. For example, if Title I, Part A contributed 20 percent of the funds in the schoolwide program and Title V, Part A contributed 5 percent, the LEA would attribute 20 percent of the funds expended in the schoolwide program school to Title I, Part A and 5 percent to Title V, Part A. The SEA in calculating current expenditures would then exclude these amounts.

**E-24. What is an SEA’s responsibility regarding the consolidation of funds at the school level for schools operating schoolwide programs?**

Each SEA must--

- Encourage schools to consolidate funds from Federal, State, and local sources in their schoolwide programs; and
- Modify or eliminate State fiscal and accounting barriers so that schools can easily consolidate funds from Federal, State, and local sources in their schoolwide programs. *[Section 1111(c)(9) and (10); 34 CFR 200.29(c)]*

**E-25. What are an SEA’s and LEA’s responsibilities to ensure that schoolwide plans are administered in accordance with the statute?**

Under the statute, schoolwide plans are developed at the school level with input from the LEA. However, both the SEA and LEA have significant authority to ensure that schoolwide plans and associated budgets are implemented in accordance with the statute and regulations and in ways that are most likely to get good results. For example, in a school operating a schoolwide program, an LEA must identify in its schoolwide plan the specific programs being consolidated and the amount each program contributes to the consolidated schoolwide pool. *[Section 1114(b)(2)(A)(iii)]* In a State or LEA with a single planning process that incorporates the Title I school improvement and schoolwide plan components, an LEA must review the entire plan, including the schoolwide components, as part of the required school improvement plan peer review. *[Section 1116(b)(3)(E); 34 CFR 200.41]*

At the SEA level, monitoring protocols should include both a programmatic and budget review for a school operating a schoolwide program. The programmatic monitoring should include a review of the proposed activities, how these activities address issues identified in the needs assessment through the required plan components, and the research base that indicates these activities will lead to improved student achievement. The budget monitoring for a school operating a schoolwide program that is consolidating only Federal education funds, including Title I, Part A, should ensure these funds are being used only to address instructional needs that are identified in the schoolwide plan and directly linked to the school’s needs assessment. (See E-4 and E-5.)